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Exhibit Number	:	DRA-04
Commissioner	:	Sandoval
ALJ	:	Wilson
Witness	:	Lindsay Laserson

DIVISION OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for Bear Valley Electric Service Division General Rate Case

Test Year 2013

Production, Transmission, Distribution, and Customer Accounting Operation and Maintenance Expenses

San Francisco, California
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BEAR VALLEY ELECTRIC SERVICE DIVISION
OPERATION AND MAINTENANCE EXPENSES

I. INTRODUCTION

This exhibit presents the Division of Ratepayer Advocates' (DRA) analyses and recommendations regarding Bear Valley Electric Service Division's (BVES) Production, Transmission, Distribution, and Customer Accounting Operation and Maintenance (O&M) expenses for Test Year (TY) 2013.

Labor charges to these O&M categories are all provided by the staff working out of the Bear Valley Office. Currently all staff operating the Bear Valley Power Plant (BVPP) is supplied by outside contractors, so there is no direct labor associated with the Production function of BVES. Non-labor charges include materials, supplies, and contractors.

II. SUMMARY OF RECOMMENDATIONS

BVES forecasted $3,596,252 for its Test Year 2013 O&M expenses.[1] BVES' TY 2013 forecasts for its O&M expenses were based on two methods:[2]

- One method is based on the statistical estimation of a trend line anchored by 5 years of recorded expenses adjusted to 2010 dollars and subsequently escalated to determine nominal expenses in the future years.[3]
- The other method is based on the average values of recorded expenses over 5 years, which are also adjusted to 2010 dollar and then escalated to determine nominal expenses in the future years.[4]

DRA's estimate for BVES O&M expenses for TY 2013 is $2,399,978, or $1,196,274 less than BVES' forecast of $3,596,252.

[1] BVES Workpapers, Set 1, Support to Volume 2, p. 42.

[2] Ex. No. BVES-___ , Volume 2, chapter 5, p.47

[3] Ex. No. BVES-___ , Volume 2, chapter 5, p.47

[4] Ex. No. BVES-___ , Volume 2, chapter 5, p.47

The following summarizes DRA's recommendations:

- DRA recommends $470,415 for Production O&M expenses which is $27,239 less than BVES' requested $497,654.
- DRA recommends $77,702 for Transmission O&M expenses which is $59,123 less than BVES' requested $136,825.
- DRA recommends $1,268,619 for Distribution O&M expenses which is $909,002 less than BVES' requested $2,177,621.
- DRA recommends $583,242 for Customer Accounting which is $200,910 less than BVES' requested $784,152.

Table 4-1
2013 O&M Expenses
(in Nominal Dollars)

Description (a)	DRA Recommended (b)	BVES Proposed (c)	Amount BVES>DRA (d=c-b)	Percentage BVES>DRA (e=d/b)
Production	$470,415	$497,654[5]	$27,239	5.8%
Transmission	$77,702	$136,825[6]	$59,123	76.1%
Distribution	$1,268,619	$2,177,621[7]	$909,002	71.7%
Customer Acctg	$583,242	$784,152[8]	$200,910	34.4%
Total	$2,399,978	$3,596,252	$1,196,274	49.8%

III. DISCUSSION/ANALYSIS

Labor charges to these O&M categories are for the staff working out of the Bear Valley Office.[9] After-hours customer service is provided by the General Office in San Dimas and the costs for those services are categorized as Administrative and

[5] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Table 5B

[6] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Table 5D

[7] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5H

[8] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Table 5J

[9] Ex. No. BVES-___ , Volume 2, Chapter 5, p.45, Ln 15

General (A&G) expenses.[10] Non-labor charges include materials, supplies, and contractors.

A. PRODUCTION/FERC Accounts 546-554

In Production, or FERC Accounts 546-554, BVES forecasted $497,654 in its 2013 Test Year.[11] Currently all staff operating the Bear Valley Power Plant (BVPP) is supplied by outside contractors.[12] BVES developed its forecast for Labor and Non Labor by utilizing a 5 year average methodology of 2006-2010 recorded data.[13] DRA recommends $470,415 in BVES' 2013 Test Year, which is $27,239 less than BVES' proposed $497,654.

Table 4-2a
2006-2011 BVES Recorded Data for Production O&M Expenses[14]
(in Nominal Dollars)

Description	2006	2007	2008	2009	2010	2011
Labor	$165	$496	$0	$0	$0	$0
Non Labor	$336,691	$501,549	$488,916	$424,972	$482,047	$470,415
Total	$336,857	$502,045	$488,916	$424,972	$482,047	$470,415

[10] Ex. No. BVES-___ , Volume 2, Chapter 5, p.45, Ln 16

[11] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Table 5B

[12] Ex. No. BVES-___ , Volume 2, Chapter 5, p.45, Ln 5-6

[13] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Ln 16

[14] BVES Response to DRA data request DRA-037-LJL

Table 4-2b
Production O&M Expenses for Test Year 2013
(in Nominal Dollars)

Description	DRA Recommended	BVES Proposed[15]	Amount BVES>DRA	Percentage BVES>DRA
(a)	(b)	(c)	(d=c-b)	(e=d/b)
Labor	$0	$160	$160	N/A
Non Labor	$470,415	$497,494	$27,079	5.8%
Total	$470,415	$497,654	$27,239	5.8%

1. Production Labor O&M Expenses

BVES is requesting $160 in for Production Labor O&M Expenses Test Year 2013.[16] BVES utilized a five-year average (2006-2010) for Production expenses.[17] BVES says "BVES employees met a small portion of the labor requirements and therefore the (internal) labor expenses have been small and intermittent,..." According to BVES' testimony, the last time BVES had any employee labor requirements over $0 was in 2007.[18] In light of other increases BVES is seeking, BVES' proposed $160 is de minimis. But BVES has not shown any likelihood that it will incur any employee related production costs. DRA recommends the Commission use 2011 recorded information, and adopt $0 for labor.

2. Production Non-Labor O&M Expenses

BVES forecasts $497,494 for Production Non- Labor O&M Expenses.[19] BVES utilized a five-year average (2006-2010) for Production expenses.[20] DRA takes issue with BVES' forecast methodology and recommends 2011 recorded information. Using 2011 recorded information is the most accurate representation of

[15] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Table 5b
[16] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Table 5b
[17] Ex. No. BVES-___ , Volume 2, chapter 5, p.47, Ln 20-21
[18] Ex. No. BVES-___ , Volume 2, Chapter 5, p. 48, Ln 12
[19] Ex. No. BVES-___ , Volume 2, Chapter 5, p.48, Table 5b
[20] Ex. No. BVES-___ , Volume 2, chapter 5, p.47, Ln 20-21

BVES' current spending. The DRA estimate is reasonable given that it exceeds the recent three-year (2009-2011) average of $459,000. DRA recommends $470,415 for non-Labor, which is $27,079 less than BVES' request of $497,494.

B. TRANSMISSION/FERC Accounts 560-573

In Transmission or FERC Accounts 560-573, BVES is requesting $136,825 in its Test Year 2013.[21] The BVES transmission system is comprised of a "backbone" high voltage transmission loop connecting to thirteen substations which transform power from 34.5KV to 4.1KV or 2.4KV for radial lines that serve load.[22] This backbone system is referred to as the transmission system even though it operates at a much lower voltage than is typically considered transmission.[23]

BVES developed its forecast by utilizing both trending and averaging methods for Labor and non- Labor expenses.[24] BVES linemen perform nearly all maintenance and construction work on the system. The only contracted work has been for tree trimming, specialty needs such as blasting and backhoe operation, and helicopter work.[25] Transmission work is typically low, utilizing only about 5% to 10% of the line crew resources.[26] Most of the line crew O&M resources are used to operate and maintain the Distribution System.[27] DRA recommends $77,702, which is $59,123 less than BVES' forecast of $136,825.[28]

[21] BVES Response to DRA data request DRA-016-LJL

[22] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 3-4

[23] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 4-6

[24] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 11-13

[25] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 27 – p. 50, Ln 2

[26] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 7-8

[27] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 8-9

[28] BVES Response to DRA data request DRA-016-LJL

Table 4-3a
2006-2011 BVES Recorded Data for Transmission O&M Expenses[29]
(in Nominal Dollars)

Description	2006	2007	2008	2009	2010	2011
Labor	$91,266	$58,680	$22,819	$62,188	$56,855	$22,994
Non Labor	$13,050	$15,024	$23,545	$25,084	$42,616	$132,542
Total	$104,316	$73,704	$46,364	$87,272	$99,472	$155,536

Table 4-3b
Transmission O&M Expenses for Test Year 2013
(in Nominal Dollars)

Description (a)	DRA Recommended (b)	BVES Proposed[30] (c)	Amount BVES>DRA (d=c-b)	Percentage BVES>DRA (e=d/b)
Labor	$47,287	$76,087	$28,800	60.9%
Non Labor	$30,415	$60,738	$30,323	99.7%
Total	$77,702	$136,825	$59,123	76.1%

1. Transmission Labor O&M Expenses

BVES forecasts $76,087 in Test Year 2013 for Transmission Labor O&M expenses.[31] Both trending and the averaging methods are used to forecast components of Transmission Labor O&M expenses for the 2013 Test Year.[32] BVES asserts that this was done "…to increase the stability in the forecast by filling in the gaps of data created by intermittent expenses in the micro FERC detail."[33]

In 2007, a critical section of circuits which passes through United States Forest Service Land, was finally re-conductored.[34] This allowed a large portion of BVES' transmission system to be "looped," which greatly improved system

[29] BVES Response to DRA data request DRA-016-LJL

[30] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Table 5D

[31] BVES Response to DRA data request DRA-016-LJL

[32] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 11-13

[33] BVES Response to DRA data request DRA-016-LJL Question 4

[34] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 23-24

efficiency, capacity and reliability.[35] Because this major capital project was completed in 2007, DRA believes it is reasonable to use a three year average incorporating years 2008-2010 record data. BVES claims that the reconductoring greatly improved system efficiency, capacity and reliability, thus additional spending thereafter would be unnecessarily burdensome to ratepayers.[36] Using a three year average with 2008-2010 recorded data is more appropriate than a 5 year average which included the major capital project that is not expected to re-occur. DRA excluded 2011 data from its three year average which is what BVES also did in its forecasting methodology. DRA recommends $47,287 in Test Year 2013 for Transmission Labor O&M expenses which is $28,800 less than BVES' forecast of $76,087.

2. Transmission Non- Labor O&M Expenses

BVES forecasts $60,738 in 2013 for Transmission non- Labor expenses.[37] Both trending and the averaging methods are used by BVES to forecast components of Transmission non-Labor O&M expenses for the 2013 Test Year."[38] DRA takes issue with BVES' forecast and utilizes a three year recorded average (2008-2010) Transmission non-Labor expenses, as discussed above in the Labor section. The 2011 data was not used as it is abnormally high when compared to the previous years. DRA recommends $30,415 for Test Year 2013 for Transmission non labor O&M expenses.

C. DISTRIBUTION/FERC Accounts 580-598

BVES is requesting $2,177,621 for Distribution O&M expenses in its Test Year 2013.[39] The BVES distribution system served approximately 24,670 meters in

[35] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 25-26

[36] Ex. No. BVES-___ , Volume 2, Chapter 5, p.49, Ln 23

[37] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Table 5D

[38] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 11-13

[39] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5H

2010.[40] The distribution system includes the 4.1 kV and 2.4 kV radial feeders that provide service to the typical customer.[41] The distribution system contains about 1.4 million feet of line and approximately 2,920 pole-top and pad mount transformers.[42] BVES combined Distribution Operations and Distribution Maintenance when calculating its forecasted expense amounts.[43] DRA utilized a similar combined approach, but takes issue with BVES' expense forecasts for its Test Year 2013. DRA recommends $1,268,619 which is $909,002 less than BVES requested $2,177,621. DRA also takes issue with BVES' request for a new Engineering Inspector and a Regulatory Compliance Project Engineer.

Table 4-4a
2006-2011 BVES Recorded Data for Distribution O&M Expenses[44]
(in Nominal Dollars)

Description	2006	2007	2008	2009	2010	2011
Labor	$943,979	$1,069,496	$1,246,648	$1,308,484	$1,155,677	$954,395
Non Labor	$235,109	$235,928	$201,198	$295,123	$309,124	$529,751
Total	$1,179,087	$1,305,423	$1,447,846	$1,603,607	$1,464,801	$1,484,145

Table 4-4b
Distribution O&M Expenses for Test Year 2013
(in Nominal Dollars)

Description (a)	DRA Recommended (b)	BVES Proposed[45] (c)	Amount BVES>DRA (d=c-b)	Percentage BVES>DRA (e=d/b)
Labor	$954,395	$1,662,656	$708,261	74.2%
Non Labor	$314,225	$514,965	$200,740	63.9%
Total	$1,268,619	$2,177,621	$909,002	71.7%

[40] Ex. No. BVES-___ , Volume 2, Chapter 5, p.50, Ln 27

[41] Ex. No. BVES-___ , Volume 2, Chapter 5, p.51, Ln 22

[42] Ex. No. BVES-___ , Volume 2, Chapter 5, p.51, Ln 23-24

[43] Ex. No. BVES-___ , Volume 2, Chapter 5, p.53, Ln 6-7

[44] BVES Response to DRA data request DRA-016-LJL

[45] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5H

1. Distribution Labor O&M Expenses

BVES forecasts $1,662,656 in 2013 for Distribution Labor O&M Expenses.[46] In calculating the Distribution Labor expense, BVES utilized trending methodology to forecast the Labor and non- Labor.[47] BVES expects increases in distribution expenses through 2016 due to increases in overtime hours required in implementing the requirements of General Orders 95 and 165 May 2009 audit results.[48] BVES requests two new positions, an Engineering Inspector and a Regulatory Compliance Project Engineer, which is addressed in the New Positions sections below.[49]

DRA recommends using 2011 recorded including the over-time to forecast test years expenses. The DRA forecast using the 2011 recorded expenses of $954,395 utilizes the most current and most accurate information. A trend line is inappropriate because the total labor expense has been trending downward from a high of $1,308,484 in 2009 to $1,155,677 in 2010[50] and then to $954,395 in 2011.

BVES says it "...took immediate, corrective actions in an attempt to remedy the infractions noted in the [2009] audit report and also to improve field procedures and upgrade the [Automated Line Patrol System] ALPS."[51] It is too early to see the full effects of BVES' actions on costs. DRA recommends using the $954,395 recorded in 2011. The BVES trend will result in an excessively high test year forecast with no factual evidence to support such an increase. DRA's forecast is more appropriate because it is consistent with the most recent historical expense levels

[46] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5H

[47] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Ln 7-8

[48] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Ln 8-11

[49] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Ln 13-14

[50] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5G

[51] Ex. No. BVES-___ , Volume 2, Chapter 5, p. 58, Ln 20-22.

2. Distribution Non- Labor O&M Expenses

BVES is requesting $514,965 in Distribution non-Labor for its Test Year 2013. BVES used a five-year trend line to forecast Distribution non-Labor expense.[52] As discussed above, this inflates the trend line dramatically, making future years' estimates artificially high. To forecast test year expenses, DRA recommends using a five year (2007-2011) average of $314,225, which is in line with historical spending. A five year average incorporating 2011 data is a more true representation of BVES spending than a five-year trend line.

3. Request for New Positions

BVES requests two new technical positions for its Operating and Planning Department in 2013-2015, one Engineering Inspector and one Regulatory Compliance Project Engineer.[53] The Engineering Inspector would receive $65,167 and the Regulatory Compliance Project Engineer would receive $122,167 in its Test Year 2013.[54] DRA concludes that the two new positions are unnecessary and recommends that BVES receive $0 in ratepayer funding for these positions.

a. Engineering Inspector

BVES requests a new Engineering Inspector employee to be dedicated to facilities inspection and to maintaining proper documentation.[55] DRA concludes that this new position at BVES is unnecessary, for several reasons.

BVES has an Engineering Inspector who currently assesses BVES' existing and new facilities, including poles, street lights, transformers, switching devices, and various equipment that are crucial in the operation of a safe and reliable system.[56] In May 2009, the Commission's Utilities Safety and Reliability Branch conducted

[52] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Table 5H

[53] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Ln 13-14

[54] BVES Response to DRA data request DRA-016-LJL, question 8

[55] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 1-2

[56] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 3-6

audits for the first time since GO 165 had been in effect.[57] GO 165 requires utilities to establish schedules for patrolling their electrical circuits, record conditions and provide annual reports to the Commission.[58] As noted above, BVES asserts that it "…took immediate corrective actions in an attempt to remedy the infractions noted in the audit report."[59] BVES has taken action necessary to remedy the infractions noted in the audit report to address GO 165 matters, and has not explained why it requires another employee to deal with matters pertaining to GO 165.

BVES claims that in January 2010 it experienced a set of major snow storms that led to an audit report issued again by the Commission's Utilities Safety and Reliability Branch which found BVES operations were deficient in compliance with GO 95.[60] GO 95 specifies overhead construction standards and clearances for electrical power lines.[61] BVES states that it "…replaced those poles and began testing all the poles in its distribution system. As of mid-October 2011, the contractor engaged by BVES had tested approximately 2,600 poles out of a total of approximately 13,000 poles."[62] DRA finds it unreasonable to add a new full time employee when BVES has contracted inspectors in the past. The cost of those contracted inspectors is appropriately reflected in historical recorded expenses and within the Test Year 2013 forecasts.

BVES expects continued increases in distribution expenses through 2016 due to increases in overtime hours required in implementing the requirements of General Orders 95 and 165 audit results.[63] If employees at BVES are already putting in over-time to better deal with GO 95 and 165, then it is reflected in recorded and

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[57] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 12-13

[58] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Ln 22-24

[59] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 20-22

[60] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 23-26

[61] Ex. No. BVES-___ , Volume 2, Chapter 5, p.58, Ln 26-27

[62] Ex. No. BVES-___ , Volume 2, Chapter 5, p.59, Ln 2-3

[63] Ex. No. BVES-___ , Volume 2, Chapter 5, p.54, Ln 8-11

forecast expenses. Overtime means extra work being done, thus no need for an additional employee.

BVES asserts that other duties for the Engineering Inspector include scheduling, the follow up, and the implementation of a project to perform the various corrective actions.[64] BVES has not identified a single project nor the time and labor associated with any of these ambiguous projects. Due to the vagueness of these "projects," there is no basis to conclude that this work cannot be handled using the current level of employees and contractors, especially after the Utilities Safety and Reliability Branch provided their expertise in advising BVES how to operate more efficiently under GO 165 and GO 95.

b. Regulatory Compliance Project Engineer

BVES states that the Regulatory Compliance Project Engineer will monitor and track regulatory requirements issued by numerous governmental agencies that impact BVES capital projects and field operations.[65] There is no urgency or need to hire a new employee when BVES has been operating efficiently with an Engineering & Planning Supervisor and Engineering Estimator responsible for securing permits and tracking regulatory requirements.[66] BVES asserts that this new employee is to ensure all field equipment such as specialized trucks, excavators, etc., are compliant with rules for sulfur hexafluoride (SF6) gas used in electrical power equipment, diesel emissions, DOT truck safety inspections and DMV licensing.[67] BVES' request for $122,167 for a new employee is excessive when current staff can, and has been, managing these tasks at the small utility.

In a data request, DRA asked who BVES would have to do the work if the Commission did not authorize these new positions.[68] BVES responded "If Bear

[64] Ex. No. BVES-___ , Volume 2, Chapter 5, p.59, Ln 21-22

[65] Ex. No. BVES-___ , Volume 2, Chapter 5, p.59, Ln 25-27

[66] Ex. No. BVES-___ , Volume 2, Chapter 5, p.60, Ln 17-18

[67] Ex. No. BVES-___ , Volume 2, Chapter 5, p.61, Ln 11-15

[68] BVES Response to DRA data request DRA-016-LJL, question 10

Valley Electric Service was not able to get the Public Utility Commission to authorize the new Engineering Inspector and the Regulatory Compliance Project Engineer positions, Bear Valley Electric Service would have to hire various outside consultants including a Design Consultant, to meet the regulatory and environmental compliance issues that arise in the operations and planning of the system. Furthermore, BVES would need to compensate for this loss by increasing the GRC request for outside services, A&G account 923."[69] BVES fails to recognize that the cost of consultants is reflected in its recorded and forecast expenses. BVES fails to consider the increase to its workforce made in the previous GRC cycle. DRA recommends the Commission disallow ratepayer funding for a new employee due to lack of support.

D. CUSTOMER ACCOUNTING/FERC Accounts 901-905

BVES requests $784,152 for Customer Accounting in its Test Year 2013.[70] Customer Accounting resources include Customer Service Representatives (CSR) who are available to staff the walk up windows at the Bear Valley Office, meter readers, field service persons who perform turn-ons and turn-offs, and a meter testman.[71] BVES developed its forecasts by utilizing a trending methodology.[72] DRA takes issue with this forecasting methodology and recommends $583,242 for its forecast, which is $200,910 less than BVES' proposed forecast.

[69] BVES Response to DRA data request DRA-016-LJL, question 10

[70] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Table 5J

[71] Ex. No. BVES-___ , Volume 2, Chapter 5, p.55, Ln 1-7

[72] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Ln 1-2

Table 4-5a

2006-2011 BVES Recorded Data for Customer Accounting O&M Expenses[73]

(in Nominal Dollars)

Description	2006	2007	2008	2009	2010	2011
Labor	$483,680	$528,840	$569,817	$594,227	$670,656	$576,707
Non Labor	$8,741	$6,399	$4,416	$3,298	$8,840	$6,535
Total	$492,421	$535,178	$574,233	$597,525	$679,496	$583,242

Table 4-5b

Customer Accounting O&M Expenses for Test Year 2013

(in Nominal Dollars)

Description (a)	DRA Recommended (b)	BVES Proposed[74] (c)	Amount BVES>DRA (d=c-b)	Percentage BVES>DRA (e=d/b)
Labor	$576,706	$776,687	$199,981	34.7%
Non Labor	$6,535	$7,465	$930	14.2%
Total	$583,242	$784,152	$200,910	34.4%

1. Customer Accounting Labor O&M Expenses

BVES is forecasting $776,687 for Customer Accounting Labor in its Test Year 2013.[75] BVES developed its forecast by utilizing a trending methodology.[76] BVES asserts that increases from 2011 to 2012 include the hiring of two customer service representatives (CSRs) personnel to fill vacancies due to retirement and promotion.[77]

It is unreasonable to request additional costs for simply filling already existing positions that are already reflected in the recorded expenses being used to forecast the test year figures. DRA acknowledges some training costs may be associated

[73] Ex. No. BVES-___ , Volume 2, Chapter 5, p.55, Table 5I

[74] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Table 5J

[75] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Table 5J

[76] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Ln 1-2

[77] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Ln 2-3

with the filling of these two positions. However, the utility's existing training program is sufficient for these employees. Due to lack of support for additional funding needed for these two employees, DRA relies on BVES' 2011 recorded expense level of $576,707 for forecasting 2013 Customer Accounting Labor O&M Expenses. The 2011 recorded information provides the most accurate representation of BVES' current spending level for this function. It is also comparable to the historical 6-year average (2006-2011) of $570,655.

The use of 2011 recorded is further supported by the fact that the number of manual meters decreased from 9,784 on January 1, 2009 to 4,759 on June 1, 2012,[78] which should lead to a reduction in the cost of reading manual meters. BVES should experience a further downward trend as the remaining manual meters are converted to AMR.

2. Customer Accounting Non Labor Expenses

BVES is forecasting $7,465 for Customer Accounting Non- Labor Expenses in its Test Year 2013.[79] BVES makes its forecasts based on trending methodology.[80] It asserts that customer service due to various programs, such as training and load research, will increase the demands on the BVES customer service employees and will therefore continue to trend upward. DRA uses the 2011 recorded expense level because it more accurately captures the activity and spending expected for Test Year 2013, without the two new CSRs as requested by BVES. DRA recommends $6,535 for Test Year 2013 in Non Labor Customer Accounting.

[78] Informal emails, 7/2/2012 and 6/29/2012, from Joseph Phalen of BVES

[79] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Table 5J

[80] Ex. No. BVES-___ , Volume 2, Chapter 5, p.57, Ln 1-2